

Message Text

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TAGS: ENRG, PFOR, UK

SUBJECT: LATEST OIL WISDOM

HIGHLIGHTS AT THE LATEST OF TOO MANY RECENT OIL CONFERENCES, THIS ONE SOUTH OF THE BORDER AT NEWCASTLE CALLED 'ENERGY NORTH' AND ORGANIZED AS USUAL BY THE FINANCIAL TIMES FOLLOW:

A) RIGHT HONORABLE POLITICAL LEADERS EDWARD SHORT (LABOUR) AND JO GRIMOND (LIBERAL) WERE POLES APART ON PAST POLICY. SHORT ASSERTED THAT THE GOVERNMENT HAD NO EVIDENCE TO SUPPORT THE VIEW THAT NORTH SEA ACTIVITY WAS DECREASING AND SAID THAT 'ALMOST 30 RIGS ARE OPERATING NOW COMPARED TO 21 LAST YEAR.' (INDUSTRY SPOKESMEN POINTED OUT THAT 'FIGURES DON'T LIE BUT LIARS FIGURE', THAT 1975 DRILLING PROGRAMS HAVE BEEN CUT BACK CREATING SUBSTANTIAL EXCESS CAPACITY IN RIG MARKET HERE, AND THAT PLANS HAD CALLED 45 RIGS THIS YEAR.) GRIMOND EXCORIATED LABOR FOR TRANSFORMING A NATION OF ENTERPRISING SHOPKEEPERS INTO A DEAD MASS OF BUREAUCRACY, CENTRALIZED ON LONDON PAYROLLS. BOTH THE MP FROM NEWCASTLE AND FROM ORKNEY-SHETLANDS COULD AGREE ON ONE COMMON POINT, I.E. NORTH SEA OIL DID NOT BELONG TO THOSE

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LIVING BETWEEN THEIR TWO CONSTITUENCIES.

B) PERSISTENT PROFESSOR PETER ODELL OF HOLLAND CONTINUED HIS PERSUASIVE ASSERTS, FIRST, THAT NORTH SEA RESERVES WOULD PROVE TO BE IN THE RANGE OF 100 BILLION BARRELS OR TWICE THE MORE LIBERAL INDUSTRY ESTIMATES (AND OVER TWICE US OR USSR PROVEN RESERVES), SECOND, THAT THIS GAP IN ESTIMATES CONTINUED TO NARROW WITH THE REMARKABLE CONTINUATION OF NEW DISCOVERIES THIS YEAR, THIRD, THAT BRITAIN SHOULD THINK BIG AND COULD PLAN ON PRODUCTION FIGURES IN THE 9 MBPD RANGE (US AND USSR DAILY PRODUCTION) AND LASTLY, THAT THE RIPARIAN STATES, PARTICULARLY BRITAIN, SHOULD DEVELOP THIS VITAL ENERGY JOINTLY WITH THE NEEDED FINANCIAL HELP FROM ITS WESTERN EUROPEAN ALLIES IN SOME FORM OF ASSOCIATION (PERHAPS LIKE THE ORIGINAL COAL AND STEEL COMMUNITY), FROM WHICH CRITICAL MUTUAL ECONOMIC AND POLITICAL STRENGTH AND SECURITY WOULD FOLLOW. COMMENT: THAT THIS CONCEPT OF INTERDEPENDENCE AND COOPERATION SEEMS TO FALL ON DEAF EARS IN BRITAIN IS A DISHEARTENING SIGN OF THE TIMES. IT IS ALSO NICELY IRONIC, SINCE THE BRITISH SEEM TO BE DOING UNTO THEIR EUROPEAN NEIGHBORS JUST WHAT THEY DO NOT WANT THEIR SCOTTISH NEIGHBORS TO DO UNTO THEM.

C) CORRIDOR AND COCKTAIL DISCUSSION TOUCHED THE BROADER IMPLICATIONS FOR NORTH SEA OIL EMANATING OUT OF A CURRENT SPREAD OF SOCIALISM AND STREET POWER, ASN EASTWARD SHIFT IN THE BALANCE OF PAYMENTS AND POWER, A WEAKENING OF ALLIANCES AND US PULL, A POSSIBILITY THAT BRITAIN MIGHT BE FORCED TO OPT FOR ARABS AT THE NEXT CRISIS, NOT SO MUCH FOR THE OIL AS FOR THE POUND, AND WHETHER THIS POSTURE WOULD FIND BRITAIN ALONE OR THE US. COMMENT: AS THE VIETNAMESE MAY BE SAYING, 'THERE'S AN EAST WIND BLOWING.'

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